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**HEADLINE:** A classic Florida swindle, with a Russian twist

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**BODY:**

When North Miami Beach developers Victor and Natalia Wolf hosted a baby shower on a luxury yacht to celebrate their first child, they had just reaped millions flipping a huge tract of land on Florida's Gulf Coast during the historic housing boom.

Complete with flaming desserts and Vodka ice sculptures , the dinner cruise on the Intracoastal was attended by more than 100 guests as the Wolfs unveiled their next project: an ambitious \$150 million development.

Now, five years after the couple vanished in the night -- with millions belonging to their clients -- investors are hoping to uncover details of the financial labyrinth concocted by the couple from the lone person who worked with them: their lawyer.

A civil trial later this year against a Hollywood attorney for the Wolfs could provide more information about the fugitives suspected of being part of a criminal enterprise of Russian nationals and preying on investors during the most explosive economy in Florida history.

Indicted last year on federal fraud charges in Miami, the Wolfs are accused of fleecing 400 people -- including retirees, veterans and Russian immigrants -- in a case expected to reach \$100 million in losses.

"They stole, robbed. They reduced people to bankruptcy," said Alexandra Krot, an oncologist who said she was bilked of \$4 million. "They were major scammers."

The couple left a trail across Florida and Texas -- including two unfinished housing projects -- before bolting from

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their ransacked waterfront house in North Miami Beach in late 2006 and fleeing to Germany. In their offices: busted computers with hard drives ripped out.

Though Florida regulators found the Wolfs were breaking state land laws in 2005, it wasn't until two years later the state moved to shut them down. By then, the Wolfs had long disappeared.

Just this month, investors have been petitioning the federal marshal's office in Miami to post the couple's photos on the national fugitive website.

The attorney who advised them on their land deals, Benjamin Schulman, has so far refused to testify in lawsuits on the advice of his lawyer. But now, he may reveal what he knows in a civil trial in Broward circuit court in August, said his attorney, Richard Sharpstein.

"He had no idea they were disgusting, despicable thieves," said Sharpstein, whose client was not criminally charged.

The case of the Russian couple represents one of the most complex frauds carried out in Florida during the land frenzy, with investors left to untangle rights to dozens of properties-- and investigators searching for millions in a maze of bank accounts.

The FBI organized crime office in Fort Lauderdale refused to talk about the case, saying it's still an ongoing investigation.

During a conference in Moscow on organized crime, the FBI sought help from Russia's Interior Ministry in tracking the Wolfs, who used credit cards to buy expensive jewelry before fleeing, according to sources.

Over the past five years, courts in Florida and Texas have been settling 54 property suits and other disputes over who's to blame for failing to detect the massive fraud.

With just sketchy details, investors say they're still baffled by the couple who wore Hermes clothes, drove a luxury Maybach and threw parties at their beachfront condo in Sunny Isles Beach.

"I am a pretty good judge of character," said burned investor Peter Madison of Orlando. "But I can tell you these people surprised me. They were super nice."

One of the Wolf deals -- a 100-acre peanut farm in the Panhandle -- was sold to three different people who held deeds to the farm at the same time. "They'd bring people in here on helicopters," said Madison, who owned the first mortgage.

The Wolfs sudden rise during the housing boom began inauspiciously with Natalia Wolf, flunking the state mortgage brokers' exam in 2002.

But in two years, she and her husband opened an office in a strip center in North Miami Beach with the names Sky Development Group LLC and Sky Construction.

Instead of targeting land in South Florida, the couple took aim at a quiet corner of Florida's west coast 300 miles away -- Citrus County -- to make their stand.

They joined the chamber of commerce. They sponsored a booth at a home show. They opened a sales office, passing out splashy brochures.

"They were giving out hot dogs and had buses going back and forth," recalled Fort Lauderdale businessman Peter Mazzarino, who put down \$28,500 for the Wolf's company to build a new home.

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The couple went on a blitz over the radio and Internet to recruit buyers, promising to make Citrus County one of the next major destinations of Florida.

In two years, 368 investors from 22 states and five countries stepped up to snare property while prices were exploding. Lots once costing \$2,500 were now selling for \$25,000 and higher in the rural area. "The boom was there. You had to buy immediately," said Krot, 70, who formed a partnership with the Wolfs. "Otherwise someone else would buy it."

State regulators with the Department of Business and Professional Regulation launched an investigation in 2005, finding Sky Development failed to register with the state, demanding the company offer refunds to buyers.

After first accepting the terms to avoid a \$3.2 million fine, the Wolfs ignored the order and continued selling land -- while the state never enforced its own order.

During the ordeal, the Wolfs even took in a new partner, Aaron Miller, 37, an Orlando man with a long rap sheet -- including worthless checks, cocaine possession, burglary and fraud convictions -- to help sell land while the market was hot.

Meanwhile, the Wolfs were hosting cocktail parties and dinners, including their own baby shower on a yacht in 2006. "It was one of the fanciest parties I have ever been to," recalled Madison, 54, who said he was won over by the couple's charm.

Hollywood resident Robert Alley and his wife forked over \$189,700 for three lots after meeting the Wolfs in early 2006 and then bought more for \$300,000. Vsevolod Dounaevslo of Pennsylvania gave \$143,224 to the Wolfs as a down payment to build a dream home and pool.

Others did the same. "They were personable," recalled Madison. "They'd call me on my birthday. They'd buy me gifts for Christmas."

At first, Krot said she made money with the couple as they bought and sold land -- once flipping 500 lots and reaping a \$4.7 million profit on paper after owning the land just two weeks in 2005. But as the market began to slow in Florida, the Wolfs looked elsewhere to keep their scheme going: Texas.

There, Victor Wolf formed a company -- Sky Group of Texas LLC -- unveiling one of the largest housing and retail projects ever proposed for suburban Austin. "It was supposed to be the poster child of developments for the 21st century," said Brian Vodicka, a retired adjunct business professor at the University of Texas who invested \$915,000 with his partner.

Using stationary with a bogus Aventura address, the company began pushing the plan, which included a Nieman Marcus, Cartier, Gucci and Saks Fifth Avenue.

Meanwhile, two other partners, Vitaly Zaretsky and Eugene Borokhovich, took leadership roles in the project, even hiring the mayor of the town of Manor to recruit investors.

But while the project was unfolding, the Wolfs were getting in trouble in Florida: Investors found phony deeds and fake mortgage documents, police records state.

Krot said she found out the \$1 million she loaned the Wolfs was secured with land they didn't own. Nelson Cruz discovered the Wolfs walked away from a strip center they agreed to build, and worse, spent his entire \$25,000 down payment.

Mazzarino and others began calling the couple and sending emails, demanding their money back.

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Natalia Wolf, 37, finally turned over a \$28,500 check to Mazzarino, but when he took it to the bank, he was told it was worthless.

After Mazzarino alerted North Miami Beach police, a detective drove to the Wolf home and found the house ransacked and the couple and their infant daughter gone. "It was like in the middle of the night -- just gone," said Mazzarino.

Federal agents later discovered that Natalia Wolf, armed with a German passport, boarded a flight with her daughter in Miami, stopped in New York, and then flew to Germany. Victor Wolf, 53, was a tougher target, with no trace in the first few days.

In the ensuing months, dozens of victims came forward to say they were scammed by the couple, filing 44 lawsuits in Citrus County. Sheriff's deputies found at least 256 bogus warranty deeds -- dozens with forged signatures and fake notary seals.

Mazzarino said he recalls talking to the wife of a U.S. serviceman in Iraq. "They had invested all their savings. She's crying and the babies are crying in the background," he said. "Her husband was in a war zone and he didn't need to hear that these people destroyed lives."

In Texas, the fallout was just as grim: 31 investors, three banks and three other lenders clamoring for \$53 million invested in land covered by vast barren tracts -- not one building.

"It was a disaster," said Vodicka.

In a court deposition, Zaretsky said he didn't know Wolf's whereabouts, and Barokhovich was never questioned. Burned investors have accused the partners in three civil cases of widespread fraud

Barokhovich's lawyer said the project was built on inflated land values and sham sales carried out by Zaretsky. "[He] pulled off a trifecta of fraud," said attorney Fred Oberlander in a court motion.

Zaretsky, who is living in New Jersey, could not be reached. But his lawyer, Winston Krause, said the land deals were all supervised by a title company to ensure they were proper.

In November, state regulators moved to shut down the title company -- North American Title Company in Texas -- accusing the firm of carrying out "false and misleading" settlements in the deals.

Ben Schulman, the Broward lawyer suspended from practice for his role as the Wolf's lawyer in the Florida deals, could reveal more about the couple in the upcoming trial. But his lawyer insists he knows nothing about their whereabouts.

"He met with the federal authorities and told them everything," said Sharpstein. "Ben turned over every single signed piece of paper he had to the federal government."

Jay Gayoso, an Aventura lawyer suing Schulman in the Broward case, said questions abound over deals in which Schulman played a direct role.

In 2006, the Wolfs promised to turn property over to an investor as security for a \$1.65 million loan, but there was one problem: The Wolfs had already peddled a big piece of the land to someone in Trinidad. "They were simultaneously using the same property," said Gayoso.

Other questions have been raised about the paper trail left by the couple -- the whereabouts of millions of dollars taken in by the Wolfs while running Sky Development.

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One employee who led their sales team in Citrus County, Robert Linton, said he quit his job after he discovered Sky was engaging in what appeared to be money laundering: The company would make large deposits -- more than \$40 million -- followed by immediate withdrawals of the same amount, according to sheriff's reports.

The FBI is not talking in the case, but three investors said they were told during interviews with law enforcement agents that the Wolfs were networking with other Russian nationals in Florida and elsewhere.

In fact, law enforcement agencies suspect the Wolfs were not even using their real names, according to Citrus County sheriff's reports. Miller, a director in two companies with Natalia Wolf, could not be reached for comment. He was not charged.

Five years after the Wolfs fled, investors are suing the couple over their \$2.4 million home, saying Natalia Wolf broke state law when she transferred ownership of the home five months before fleeing to a company known as G & G Property Investments, whose president is Oleg Firer. G & G later deeded the house to Firer, who did not return phone calls seeking comment..

Today, hundreds of acres scattered across Citrus County remain vestiges of the Wolf's project: weedy, barren lots where homes and roads were promised in color brochures. The sales office is boarded up and the billboard ads long removed.

Gayoso said the Wolfs created what he calls, "The perfect storm: land that was located in undeveloped, rural areas. You had home prices that were doubling, tripling and the Wolfs were looking to exploit people who were looking for the next great hit," he said. "There have always been the stories about Florida swampland. This is the modern equivalent."

Chanelle Garzon, Elizabeth Clarke, Jose Triana and Sam Puran contributed to this report.

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